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of Lehman Brothers Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	
	:	
LEHMAN BROTHERS INC., et al.,	:	Case No. 08-01420 (JMP) SIPA
	:	
Debtor.	:	
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**STATEMENT OF AD HOC GROUP OF LEHMAN BROTHERS
CREDITORS IN SUPPORT OF THE REVISED PROPOSED ORDER
SUBMITTED IN CONNECTION WITH THE STATEMENT IN FURTHER
SUPPORT OF THE TRUSTEE’S ALLOCATION OF PROPERTY OF THE ESTATE**

TO THE HONORABLE JAMES M. PECK,
UNITED STATES BANKRUPTCY JUDGE:

The Ad Hoc Group of Lehman Brothers Creditors (the “Group”),¹ through its undersigned counsel, hereby files this statement in support of the revised proposed order (the “Revised Proposed Order”) submitted in connection with the Statement in Further Support of the Motion for Order Approving Trustee’s Allocation of Property of the Estate [Docket No. 2696] filed by James W. Giddens (the “Trustee”), as Trustee, for the liquidation of Lehman Brothers Inc. (the “Debtor” of “LBI”). In support of the Motion, the Group respectfully states as follows:

¹ As a consequence of Elliott Management Corporation becoming a member of the Committee (as defined below), the Group is currently comprised of King Street Capital Management, L.P., and Paulson & Co. Inc.

STATEMENT

1. On October 5, 2009, the Trustee filed the Motion for Order Approving Trustee's Allocation of Property of the Estate (the "Motion"). By the Motion, the Trustee sought permission to allocate approximately \$4.9 billion of the Debtor's Property that would otherwise be property of the General Estate to Customer Property.² Given the magnitude of the relief requested and that certain of the Lehman chapter 11 debtors (the "Chapter 11 Debtors"), including LBHI, possess substantial claims against LBI, the characterization of which as customer claims or general estate claims remains largely unresolved, how the Motion is resolved may have a material impact on recoveries for the Lehman chapter 11 creditors. Thus, the Group analyzed carefully the issues presented by the Motion. Of particular concern to the Group, among other things, are the alleged facts relating to the accuracy of the prepetition books and records kept by the Lehman entities, including the Chapter 11 Debtors, the extent to which internal controls were followed, and whether adequate supervisory oversight was exercised. In addition, the Group engaged with the Chapter 11 Debtors and the official committee of unsecured creditors (the "Committee") appointed in the cases of the Chapter 11 Debtors regarding their collective efforts to analyze the Motion.

2. Based upon its discussions with the Debtors and the Committee, the Group understands that the Debtors and the Committee reached a partial resolution with the Trustee regarding the relief sought in the Motion. Such partial resolution is reflected in the Revised Proposed Order, which provides that only certain alleged "shortfall" items identified in the Motion constitute actual shortfalls in LBI's compliance with its obligations under applicable laws, rules and regulations to set aside or hold property for the benefit of customers. The Group

² Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion.

further understands that all other issues raised by the Motion will be reserved for future presentation by the Trustee and consideration of the Court.

3. The Group supports this limited resolution, but reserves the right to be heard and to object to the extent that the Trustee seeks any further relief with respect to any portion of the Motion that remains unresolved after the Court's consideration of the Revised Proposed Order.

WHEREFORE, for the foregoing reasons, the Group requests that the Court enter the Revised Proposed Order.

Dated: February 24, 2010
New York, New York

Respectfully submitted,

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By: /s/ Gerard Uzzi

Gerard Uzzi

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